

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name		County
Fiscal Year End	Opinion Date		Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

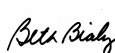
YES
NO

Check each applicable box below. (See instructions for further detail.)

1. ☐ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☐ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☐ ☐ The local unit has adopted a budget for all required funds.
5. ☐ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☐ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☐ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☐ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☐ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☐ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☐ The local unit is free of repeated comments from previous years.
12. ☐ ☐ The audit opinion is UNQUALIFIED.
13. ☐ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☐ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☐ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input type="checkbox"/>			
The letter of Comments and Recommendations	<input type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name)		Telephone Number		
Street Address		City	State	Zip
Authorizing CPA Signature 	Printed Name		License Number	

Northville Parks and Recreation Commission

**Financial Report
with Supplemental Information
June 30, 2007**

Northville Parks and Recreation Commission

Contents

Report Letter	1-2
Management's Discussion and Analysis	3-7
Basic Financial Statements	
Governmental Funds Balance Sheet/Statement of Net Assets	8-9
Statement of Governmental Funds Revenue, Expenditures, and Changes in Fund Balances/Statement of Activities	10-11
Notes to Financial Statements	12-25
Required Supplemental Information	26
Budgetary Comparison Schedule - Parks and Recreation General Fund	27
Budgetary Comparison Schedule - Senior Adult Services Fund	28
Budgetary Comparison Schedule - Parks and Recreation Capital Projects Fund	29
Budgetary Comparison Schedule - Senior Adult Services Capital Projects Fund	30
Other Supplemental Information	31
Parks and Recreation General Fund:	
Schedule of Program Activities Revenue - Budget and Actual	32
Schedule of Program Activities and Park Expenditures - Budget and Actual	33
Schedule of Program Activities - Revenue and Expenditures	34



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Independent Auditor's Report

To the Board of Commissioners
Northville Parks and Recreation
Commission

We have audited the accompanying financial statements of each fund and the governmental activities of Northville Parks and Recreation Commission as of and for the year ended June 30, 2007, which collectively comprise Northville Parks and Recreation Commission's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of Northville Parks and Recreation Commission's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each fund and the governmental activities of Northville Parks and Recreation Commission as of June 30, 2007 and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis (identified in the table of contents) is not a required part of the basic financial statements but is supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

To the Board of Commissioners
Northville Parks and Recreation
Commission

The accompanying required supplemental information and other supplemental information, as identified in the table of contents, are not required parts of the basic financial statements. The required supplemental information is information required by the Governmental Accounting Standards Board; the other supplemental information is presented for the purpose of additional analysis. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Northville Parks and Recreation Commission's basic financial statements. The required supplemental information and the other supplemental information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Plante & Moran, PLLC

September 6, 2007

Northville Parks and Recreation Commission

Management's Discussion and Analysis

Northville Parks and Recreation Commission (the "Commission") is a shared service provided through an agreement between the City of Northville (the "City") and the Charter Township of Northville (the "Township"). The following discussion and analysis of the financial performance for the Commission provides an overview of the Commission's financial activities for the fiscal year ended June 30, 2007. Please read it in conjunction with the Commission's financial statements.

Financial Highlights

The following represents the most significant financial highlights for the year ended June 30, 2007:

- Overall, the Commission was able to increase net assets by approximately \$109,000, or 5 percent.
- New park facilities have opened during the course of the fiscal year. The Commission's budget has adequately provided for the increased demand in resources to properly maintain the new facilities.
- Facility use agreements for servicing Northville Baseball/Softball Association and Northville Soccer Association were implemented in 2006. These agreements resulted in a breakeven position for the incremental direct costs of servicing these independently run community programs. Subsequently, in 2007, a new agreement was developed for each association that reallocates park maintenance expense. This new agreement continues into fiscal year 2008.

Using this Annual Report

This annual report consists of a series of financial statements. The statement of net assets portion of the governmental funds balance sheet/statement of net assets and the statement of activities portion of the statement of governmental funds revenue, expenditures, and changes in fund balances/statement of activities provide information about the activities of the Commission as a whole and present a longer-term view of the Commission's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year and whether the taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the Commission's operations in more detail than the government-wide financial statements by providing information about the Commission's most significant funds.

Northville Parks and Recreation Commission

Management's Discussion and Analysis (Continued)

The Commission as a Whole

The following table shows, in a condensed format, the net assets as of the current date and compared to the two prior years:

TABLE I

	2005	2006	2007	Changes from Prior Year	
				in Dollars	Percent
Assets					
Current assets	\$ 723,214	\$ 792,409	\$ 928,246	\$ 135,837	17
Noncurrent assets	3,955,673	3,812,157	3,743,903	(68,254)	(2)
Total assets	4,678,887	4,604,566	4,672,149	67,583	1
Liabilities					
Current liabilities	295,007	330,514	357,492	26,978	8
Long-term liabilities	1,917,433	1,865,637	1,797,279	(68,358)	(4)
Total liabilities	2,212,440	2,196,151	2,154,771	(41,380)	(2)
Net Assets					
Invested in capital assets -					
Net of related debt	2,128,720	1,993,131	1,989,801	(3,330)	0
Restricted	6,272	23,538	23,538	-	0
Unrestricted	331,455	391,746	504,039	112,293	29
Total net assets	<u>\$ 2,466,447</u>	<u>\$ 2,408,415</u>	<u>\$ 2,517,378</u>	<u>\$ 108,963</u>	5

The fluctuation in current assets is the result of increased cash from operations, in particular the senior adult services program. Also, a deposit for a mobile stage system was paid prior to June 30, 2007 for \$42,000, which will be fully funded with a grant from Wayne County during fiscal year 2008. That deposit is reported as a prepaid expense in the statement of net assets.

The decrease in long-term assets is due solely to depreciation expense in excess of new assets acquired. The decrease in long-term liabilities is due to scheduled loan payments continuing to reduce the Commission's overall indebtedness.

Northville Parks and Recreation Commission

Management's Discussion and Analysis (Continued)

The following table shows the changes in the net assets during the current year and as compared to the two prior years:

TABLE 2

	2005	2006	2007	Changes from Prior Year	
				in Dollars	Percent
Revenue					
Program revenue:					
Program activities	\$ 985,450	\$ 1,086,652	\$ 986,193	\$ (100,459)	(9)
Federal and state grant revenue	171,456	76,311	126,711	50,400	66
Park development revenue	51,061	46,806	59,510	12,704	27
Dog park revenue	7,514	16,840	16,725	(115)	(1)
Facility rental revenue	273,705	364,482	369,607	5,125	1
General revenue:					
Operating contributions - City and Township	1,072,124	1,097,536	1,282,840	185,304	17
Construction contributions - City and Township	344,862	12,136	81,538	69,402	572
Donations	5,604	12,613	2,495	(10,118)	(80)
Other revenue	76,975	72,110	81,875	9,765	14
Total revenue	2,988,751	2,785,486	3,007,494	222,008	8
Expenses					
Program activities	997,007	1,175,960	1,047,984	(127,976)	(11)
Parks	354,113	434,767	541,164	106,397	24
Facility centers	417,732	476,646	492,717	16,071	3
Administration	739,250	693,484	745,854	52,370	8
Park improvements	16,224	13,681	23,799	10,118	74
Debt service	40,709	48,980	47,013	(1,967)	(4)
Total program expenses	2,565,035	2,843,518	2,898,531	55,013	2
Change in Net Assets	\$ 423,716	\$ (58,032)	\$ 108,963	\$ 166,995	288

Significant revenue fluctuations are due to the following:

- The decrease of 9 percent for program activities is due to several factors. It is not unusual for program activities to fluctuate from year to year if they are weather dependent. For FY 2007, the Ski Club program had decreased revenue of \$16,000 as the weather was not conducive to skiing. The aquatics program revenue increased \$23,000 this year due to the growth of the program. Most significantly, the Commission entered into a new agreement with Northville Baseball/Softball Association and Northville Soccer Association for them share in the costs of operating the facilities for those local programs. Although it resulted in decreased revenue for FY 2007 of approximately \$103,000, operations for both parties are more effective and efficient.
- Grant revenue increased primarily due to a one-time grant from The Senior Alliance for senior adult transportation.
- The operating contributions from both the City and Township increased to offset the loss of operating grants in the prior year.
- The level of construction contribution was expected to decrease due to timing of when projects occur.

Northville Parks and Recreation Commission

Management's Discussion and Analysis (Continued)

Significant expense fluctuations include the following:

- The decrease in program expenses of 11 percent was expected due to the decrease in program revenues of 9 percent.
- The increase in parks expenses was expected due to the addition of an additional 40 acres at Community Park and the opening of Cabbagetown Park.

The Commission's Funds

The Commission maintains four funds: the Parks and Recreation General Fund, the Senior Adult Services Fund (a Special Revenue Fund), and two Capital Projects Funds related to the two types of activities. The funds provide detailed information, rather than information about the Commission as a whole. The Commission creates funds to help manage money for specific purposes, as well as to show accountability for certain activities, such as construction projects and related activities.

General Fund Budgetary Highlights

The General Fund accounts for all programming, operations, maintenance, and administrative functions of the Commission. The budget is monitored closely and amended quarterly.

The General Fund pays for all of the Commission's services other than Senior Adult Services. The most significant are program activities, operations and maintenance of parks and facilities, and administration. Major capital expenditures are accounted for in the Capital Projects Funds.

Capital Asset and Debt Administration

At the end of fiscal year 2007, the Commission had \$3,743,903 (net of depreciation) invested in capital assets, which includes leasehold improvements, park improvements, and equipment. Most of the outdoor recreation amenities in the Northville community are owned by either the City of Northville or the Charter Township of Northville.

Financing for capital assets acquisition and improvements is provided by the Charter Township of Northville and the City of Northville.

Northville Parks and Recreation Commission

Management's Discussion and Analysis (Continued)

Economic Factors and Next Year's Budgets and Rates

The parks and recreation department continues to evaluate and modify program offerings and events, while offering new program initiatives that address key trends facing the Northville community. A key goal next year is to continue the development of partnerships and collaborative efforts in order to increase the recreation opportunities available to residents and to assist the department with the financial impact of delivering quality leisure services.

The Parks and Recreation Five-year Master Plan was updated in fiscal year 2007 and will help provide the department with direction on program trends, facility priorities, and park priorities. Resident surveys, focus groups, and public workshops will provide the feedback necessary to help prioritize services and future development.

Township voters approved a dedicated millage for shared services in August 2006 which will provide a greater level of stability for the Commission's activities for the next three years.

Contacting the Commission's Management

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Commission's finances and to show the Commission's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Northville Parks and Recreation Commission's office at 700 W. Baseline, Northville, Michigan 48167, or via the Commission's website at www.northvilleparksandrec.org.

Northville Parks and Recreation Commission

	Parks and Recreation General Fund	Senior Adult Services Fund	Parks and Recreation Capital Projects Fund	Senior Adult Services Capital Projects Fund	Total
Assets					
Cash and investments (Note 4)	\$ 475,566	\$ 198,219	\$ 693	\$ 123,146	\$ 797,624
Accounts receivable - Other	60,368	622	10,125	-	71,115
Due from other fund	39,000	-	-	-	39,000
Due from other governmental units	-	9,000	5,000	-	14,000
Prepaid expenses	3,383	200	41,924	-	45,507
Capital assets - Net (Note 6)	-	-	-	-	-
Total assets	578,317	208,041	57,742	123,146	967,246
Liabilities					
Accounts payable	82,784	2,057	7,054	25	91,920
Accrued liabilities	25,783	4,174	-	-	29,957
Due to other fund	-	-	39,000	-	39,000
Deferred revenue (Note 5)	152,615	8,877	-	-	161,492
Compensated absences:					
Portion due within one year	-	-	-	-	-
Portion due after one year	-	-	-	-	-
Long-term debt (Note 10):					
Portion due within one year	-	-	-	-	-
Portion due after one year	-	-	-	-	-
Total liabilities	261,182	15,108	46,054	25	322,369
Fund Balances					
Reserved for:					
Mainville Capital Projects Endowment	-	-	-	11,850	11,850
Future Hillside needs	-	-	11,688	-	11,688
Unreserved - Undesignated	230,839	167,117	-	-	397,956
Unreserved - Designated for other purposes (Note 8)	86,296	25,816	-	111,271	223,383
Total fund balances	\$ 317,135	\$ 192,933	\$ 11,688	\$ 123,121	\$ 644,877
Net Assets					
Invested in capital assets - Net of related debt					
Restricted for capital projects					
Unrestricted					

Governmental Funds Balance Sheet/Statement of Net Assets
June 30, 2007

Adjustments (Note 3)	Government- wide Statement of Net Assets
\$ -	\$ 797,624
-	71,115
(39,000)	-
-	14,000
-	45,507
<u>3,743,903</u>	<u>3,743,903</u>
3,704,903	4,672,149
-	91,920
-	29,957
(39,000)	-
-	161,492
5,865	5,865
<u>111,435</u>	<u>111,435</u>
68,258	68,258
<u>1,685,844</u>	<u>1,685,844</u>
1,832,402	<u>2,154,771</u>
(11,850)	
(11,688)	
(397,956)	
<u>(223,383)</u>	
<u>(644,877)</u>	
1,989,801	1,989,801
23,538	23,538
<u>504,039</u>	<u>504,039</u>
<u>\$ 2,517,378</u>	<u>\$ 2,517,378</u>

Northville Parks and Recreation Commission

	Parks and Recreation General Fund	Senior Adult Services Fund	Parks and Recreation Capital Projects Fund	Senior Adult Services Capital Projects Fund	Total
Revenue					
Operating contributions - City and Township	\$ 1,112,669	\$ 170,171	\$ -	\$ -	\$ 1,282,840
Construction contributions - City and Township	-	-	81,538	-	81,538
Program activities	865,920	120,273	-	-	986,193
Federal and other grant revenue	-	108,411	18,300	-	126,711
Parks and facilities development revenue	59,510	-	-	-	59,510
Dog park revenue	16,725	-	-	-	16,725
Facility rental revenue	369,607	-	-	-	369,607
Donations	-	2,495	-	-	2,495
Other revenues	61,780	14,493	-	5,602	81,875
Total revenue	2,486,211	415,843	99,838	5,602	3,007,494
Expenditures/Expenses - Current					
Program activities	828,251	223,926	-	-	1,052,177
Park maintenance and capital outlay	442,932	-	138,932	422	582,286
Facility centers	369,799	-	-	-	369,799
Administration	634,116	121,192	-	-	755,308
Dog park expenditures	23,799	-	-	-	23,799
Debt service	3,172	-	108,765	-	111,937
Total expenditures/expenses	2,302,069	345,118	247,697	422	2,895,306
Excess of Revenue Over (Under) Expenditures	184,142	70,725	(147,859)	5,180	112,188
Other Financing Sources (Uses) -					
Transfers - Internal activities	(114,494)	(33,365)	147,859	-	-
Net Change in Fund Balances	69,648	37,360	-	5,180	112,188
Fund Balances/Net Assets - Beginning of year	247,487	155,573	11,688	117,941	532,689
Fund Balances/Net Assets - End of year	<u>\$ 317,135</u>	<u>\$ 192,933</u>	<u>\$ 11,688</u>	<u>\$ 123,121</u>	<u>\$ 644,877</u>

**Statement of Governmental Funds Revenue, Expenditures, and Changes in
Fund Balances /Statement of Activities
Year Ended June 30, 2007**

Adjustments (Note 3)	Government-wide Statement of Activities
\$ -	\$ 1,282,840
-	81,538
-	986,193
-	126,711
-	59,510
-	16,725
-	369,607
-	2,495
-	81,875
-	3,007,494
(4,193)	1,047,984
(41,122)	541,164
122,918	492,717
(9,454)	745,854
-	23,799
(64,924)	47,013
3,225	2,898,531
(3,225)	108,963
-	-
(3,225)	108,963
1,875,726	2,408,415
<u>\$ 1,872,501</u>	<u>\$ 2,517,378</u>

Northville Parks and Recreation Commission

Notes to Financial Statements June 30, 2007

Note 1 - Summary of Significant Accounting Policies

The accounting policies of Northville Parks and Recreation Commission (the "Commission") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Commission.

Reporting Entity

The Commission operates under a shared services agreement between the City of Northville (the "City") and the Charter Township of Northville (the "Township"). This agreement provides the funding formula as well as operational guidelines. In accordance with that agreement, administrative services are provided by the City of Northville. Accordingly, the Commission follows the financial policies adopted by the Northville City Council. Based upon the delegation of those responsibilities by agreement, it is inherent that financial policies that are adopted by the City are integral to the operation of the Commission.

The Commission consists of six members made up of two elected officials of the City, three from the Township and one from the Northville School Board. The Commission serves as a recommending body to the City and Township. There are no component units for which the Commission is considered to be financially accountable.

Government-wide and Fund Financial Statements

The government-wide portion of the financial statements reports information on all of the nonfiduciary activities of the primary government. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of activities portion demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

Northville Parks and Recreation Commission

Notes to Financial Statements June 30, 2007

Note 1 - Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide column in the financial statements is reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of net assets portion of the financial statements includes and recognizes all long-term assets and receivables as well as long-term debt and obligations. The Commission's net assets are reported in two parts - invested in capital assets, net of related debt, and unrestricted net assets.

The effect of interfund activity has been eliminated from the government-wide financial statements.

The governmental fund portion of the financial statements is reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Commission considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the fiscal period. Major revenue types for which receivables are recorded on the current accounting period's balance sheet include the contributions by the Township and the City, program activities, and facility rental income. All other revenue items are considered to be available only when cash is received by the Commission.

Northville Parks and Recreation Commission

Notes to Financial Statements June 30, 2007

Note 1 - Summary of Significant Accounting Policies (Continued)

The Commission reports the following major governmental funds:

Parks and Recreation General Fund - The Parks and Recreation General Fund is the Commission's primary operating fund. It accounts for all financial resources of the government, including rental and maintenance of all facilities within the Commission's oversight.

Senior Adult Services Fund - This Special Revenue Fund accounts for all of the senior adult programming and related administration.

Parks and Recreation Capital Projects Fund - This fund accounts for all capital acquisition and related professional services for the Commission, except for those accounted for in another fund.

Senior Adult Services Capital Projects Fund - This fund accounts for all activity related to capital improvements and related expenses for the Northville Senior Community Center.

Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables - All trade and intergovernmental receivables are shown as net of allowance for uncollectible amounts.

Capital Assets - Capital assets, which include property, plant, and equipment, are reported in the government-wide portion of the financial statements. Capital assets are defined by the Commission as assets with an initial individual cost of more than \$1,500 and a useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Buildings, equipment, and vehicles are depreciated using the straight-line method over their useful lives, as follows:

Buildings and park improvements	5 to 50 years
Equipment and furniture	3 to 20 years
Vehicles	3 to 15 years

Northville Parks and Recreation Commission

Notes to Financial Statements June 30, 2007

Note 1 - Summary of Significant Accounting Policies (Continued)

Compensated Absences (Vacation and Sick Leave) - It is the Commission's policy to permit employees to accumulate earned but unused sick and vacation pay benefits and accumulate compensatory leave time. After 10 years of service, employees may receive payment of the accumulated sick leave balance at the rate of 50 percent for retirement or 25 percent for other types of termination. A liability is accrued when incurred in the government-wide column of the financial statements.

Long-term Obligations - Long-term debt and other long-term obligations are reported as liabilities in governmental activities.

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information - Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the Parks and Recreation General Fund, the Special Revenue Fund, and the Capital Projects Funds. All annual appropriations lapse at fiscal year end. The annual budget is prepared by the director and then reviewed by the Commission. After the budget is approved by the Commission, it is then presented to the Township and the City for approval prior to the start of the fiscal year. The budget is reviewed by the Commission on a quarterly basis and amended as necessary.

Northville Parks and Recreation Commission

Notes to Financial Statements June 30, 2007

Note 2 - Stewardship, Compliance, and Accountability (Continued)

The budget document presents information by fund, function, department, and line items. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. During the current year, the budget was amended in a legally permissible manner. The budget has been prepared in accordance with accounting principles generally accepted in the United States of America. The budgeted amounts for the Parks and Recreation General Fund, Special Revenue Fund, and Capital Projects Funds are adopted at the departmental level; expenditures in excess of amounts budgeted are a violation of Michigan law. The comparisons of actual results of operations to the Parks and Recreation General Fund, Special Revenue Fund, and Capital Projects Funds budgets shown in the required supplemental information are more detailed than the budgets as adopted by the Commission and are presented for analytical purposes only.

Excess of Expenditures Over Appropriations in Budgeted Funds - The Commission has no significant expenditure budget variances.

Note 3 - Reconciliation of Government-wide and Fund Financial Statements

Total fund balances and the net change in fund balances of the Commission's governmental funds differ from net assets and change in net assets of the governmental activities reported in the statement of net assets and statement of activities portions of the financial statements. These differences result primarily from the long-term economic focus of the statement of net assets and statement of activities versus the economic focus of the governmental funds balance sheet and the statement of governmental funds revenue, expenditures, and changes in fund balances.

Northville Parks and Recreation Commission

Notes to Financial Statements June 30, 2007

Note 3 - Reconciliation of Government-wide and Fund Financial Statements (Continued)

The following is a reconciliation of fund balance to net assets and the net change in fund balance to the net change in net assets:

Total Fund Balance - Modified Accrual Basis	\$ 644,877
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Amounts reported in the statement of net assets portion are different because:

Capital assets are not financial resources and are not reported in the funds	3,743,903
Compensated absences are included as a liability	(117,300)
Long-term liabilities are not due and payable in the current period and are not reported in the funds	<u>(1,754,102)</u>

Total Net Assets - Full Accrual Basis	<u>\$ 2,517,378</u>
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Total Changes in Fund Balance - Modified Accrual Basis	\$ 112,188
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Amounts reported in the statement of activities portion are different because:

Governmental funds report capital outlay as expenditures in the statement of activities; these costs are allocated over their estimated useful lives as depreciation:	
Capital outlay	112,556
Depreciation	(180,809)
Decrease in the accrual for long-term compensated absences reported as an expense in the governmental funds but not reported as an expense in the statement of activities	104
Repayment of bond principal is an expenditure in the governmental funds but is not reported as an expense in the statement of activities	<u>64,924</u>
Total Changes in Net Assets - Full Accrual Basis	<u>\$ 108,963</u>

Northville Parks and Recreation Commission

Notes to Financial Statements June 30, 2007

Note 4 - Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. A local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States, repurchase agreements, bankers' acceptances of United States banks, commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase, obligations of the State of Michigan or its political subdivisions, which are rated as investment grade, mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan, and investment pools organized under the Surplus Funds Investment Pool Acts of the State of Michigan. The investment policy adopted is in accordance with Public Act 196 of 1997 has authorized investment in all vehicles covered by the state statute listed above.

Cash and investments are subject to several types of risk. At year end, the carrying amount of the Commission's cash and investments is held by the City cash and investments pool. For purposes of risk disclosure, it is not practical to allocate risk to each entity in the investment fund. The disclosures below are related to the overall risk for the cash and investments totals that are presented in the City's financial statements. The Commission's cash and investments, however, represent 6 percent of the total portfolio managed by the City.

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Commission's deposits may not be returned to it. The policy for custodial credit risk limits bank options to those approved by the Commission. All banks must supply audited financial statements, proof of state registration, and certification of compliance with the investment policy. Overall, at year end, the City had \$1,041,460 of bank deposits (checking and savings accounts in addition to certificates of deposit) that were uninsured and uncollateralized. The Commission believes that, due to the dollar amount of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, each financial institution where funds are deposited is evaluated to assess the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories. As of June 30, 2007, two banks are utilized for the deposit of Commission funds.

Northville Parks and Recreation Commission

Notes to Financial Statements June 30, 2007

Note 4 - Deposits and Investments (Continued)

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The policy followed is consistent with state law. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Percentage of Total Portfolio	Rating	Rating Organization
Bank investment pools	11%	A+	S&P
Federal Home Loan Mortgage Corporation	5%	AAA	S&P/Moody's
Federal National Mortgage Association	11%	AAA	S&P/Moody's
Federal Home Loan Bank	27%	AAA	S&P/Moody's
Commercial paper	18%	A1+, P1 and P1+	S&P/Moody's

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The investment policy does not restrict investment maturities, other than commercial paper, which can only be purchased with a 270-day maturity. At year end, the average maturities of investments are as follows:

Investment	Percentage of Total Portfolio	Weighted Average Maturity
Federal Home Loan Mortgage Corporation	5%	37 days
Federal National Mortgage Association	11%	86 days
Federal Home Loan Bank	27%	283 days
Commercial paper	18%	32 days

Northville Parks and Recreation Commission

Notes to Financial Statements June 30, 2007

Note 4 - Deposits and Investments (Continued)

Concentration of Credit Risk

It is the policy to diversify the investment portfolio with a goal of 5 percent maximum exposure to any one credit risk at time of purchase. This requirement does not apply to investments issued by the U.S. government or its agencies, investments in mutual funds, and external investment pools and other pooled investments. The concentration of credit risk is shown below.

Investment	Category	Percent
Federal Home Loan Bank Federal National Mortgage Association	U.S. government agencies	27%
	U.S. government agencies	11%

Note 5 - Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the Commission had unearned program revenue of \$161,492.

Northville Parks and Recreation Commission

Notes to Financial Statements June 30, 2007

Note 6 - Capital Assets

Capital asset activity of the Commission's governmental activities was as follows:

	Balance July 1, 2006	Additions	Disposals	Balance June 30, 2007
Capital assets not being depreciated -				
Construction in progress	\$ 6,136	\$ 14,528	\$ 6,136	\$ 14,528
Capital assets being depreciated:				
Community Center improvements	3,027,554	-	-	3,027,554
Hillside improvements	856,734	-	-	856,734
Ford Field/Park improvements	65,901	-	-	65,901
Fish Hatchery Park improvements	7,232	-	-	7,232
Henningson Park improvements	7,700	-	-	7,700
Community Park improvements	295,362	-	-	295,362
Cabbagetown Park improvements	-	83,509	-	83,509
Equipment:				
Program equipment and furniture	15,314	6,000	-	21,314
Office equipment and furniture	79,240	-	-	79,240
Parks maintenance equipment and vehicles	243,570	14,655	-	258,225
Subtotal	4,598,607	104,164	-	4,702,771
Accumulated depreciation	792,587	180,809	-	973,396
Net capital assets being depreciated	3,806,020	(76,645)	-	3,729,375
Net capital assets	<u>\$ 3,812,156</u>	<u>\$ (62,117)</u>	<u>\$ 6,136</u>	<u>\$ 3,743,903</u>

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:	
Administration	\$ 5,179
Facility center	122,918
Program activities	1,807
Parks	50,905
Total governmental activities	<u>\$ 180,809</u>

Northville Parks and Recreation Commission

Notes to Financial Statements June 30, 2007

Note 7 - Interfund Transfers

For the year ended June 30, 2007, the Parks and Recreation General Fund transferred \$147,859 to the Parks and Recreation Capital Projects Fund for park development, equipment purchases, and debt service. A transfer of \$33,365 was made from the Senior Adult Services Fund to the Parks and Recreation General Fund for use of the senior community center.

Note 8 - Fund Balance

Fund balance in the General Fund and Senior Adult Services Fund is designated to show management's intentions. The following is a summary of the changes in designated fund balance for these two funds:

	Balance July 1, 2006	Additions	Deletions and Adjustments	Balance June 30, 2007
Designated fund balance - Recreation:				
Compensated absences - Recreation	\$ 45,117	\$ -	\$ -	\$ 45,117
Community Park - Northville Twp.				
Building Authority transfer	36,613	-	10,163	26,450
Hillside Recreation Center -				
Northville Township	25,396	-	25,396	-
Soccer field improvements	6,113	-	2,493	3,620
Dog park	13,998	16,725	23,799	6,924
Scout building operations	-	4,185	-	4,185
Total	<u>\$ 127,237</u>	<u>\$ 20,910</u>	<u>\$ 61,851</u>	<u>\$ 86,296</u>
Designated fund balance - Seniors:				
Compensated absences - Seniors	\$ 9,904	\$ -	\$ -	\$ 9,904
Bus replacement	15,912	-	-	15,912
Total	<u>\$ 25,816</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,816</u>

The Parks and Recreation Capital Projects Fund and the Senior Adult Services Capital Projects Fund have fund balances at June 30, 2007 of \$11,688 and \$123,121, respectively, which are reserved and/or designated for future capital improvements.

Northville Parks and Recreation Commission

Notes to Financial Statements June 30, 2007

Note 9 - Commitments

The Commission transfers funds to related municipal entities in an amount equal to the annual debt service incurred by those entities on behalf of the Commission. The annual requirement to service that debt as of June 30, 2007, including both principal and interest, is as follows:

Fiscal Year	Charter Township of Northville	
	Building Authority (Northville Community Park)	City of Northville (Equipment and Vehicle Debt)
2008	\$ 26,450	\$ 18,570
2009	-	4,850
Total	<u>\$ 26,450</u>	<u>\$ 23,420</u>

Note 10 - Long-term Debt

The outstanding debt of the Commission consists of the following amounts borrowed from the Charter Township of Northville or financed by the City of Northville:

	Interest Rate	Principal Matures	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Senior community center loan	0%	2021	\$ 1,445,009	\$ -	\$ 30,000	\$ 1,415,009	\$ 40,000
Hillside recreation loan	0%	2019	367,351	-	28,258	339,093	28,258
Equipment loan	0%	2007	6,666	-	6,666	-	-
Total			<u>\$ 1,819,026</u>	<u>\$ -</u>	<u>\$ 64,924</u>	<u>\$ 1,754,102</u>	<u>\$ 68,258</u>

Northville Parks and Recreation Commission

Notes to Financial Statements June 30, 2007

Note 10 - Long-term Debt (Continued)

Annual debt service requirements to maturity for the above debt obligations are as follows:

	Principal	Interest	Total
2008	\$ 68,258	\$ -	\$ 68,258
2009	78,258	-	78,258
2010	88,258	-	88,258
2011	143,258	-	143,258
2012	143,258	-	143,258
2013-2017	716,290	-	716,290
2018-2021	516,522	-	516,522
Total	<u>\$ 1,754,102</u>	<u>\$ -</u>	<u>\$ 1,754,102</u>

Note 11 - Risk Management

The Commission is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. As an affiliate of the City, the Commission participates in the Michigan Municipal Risk Management Authority (the "Authority") for claims relating to property loss, torts, and errors and omissions. The Michigan Municipal Risk Management Authority's risk pool program operates as a claims servicing pool for amounts up to member retention limits, and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to the Michigan Municipal Risk Management Authority that the Authority uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the Commission. A portion of the excess insurance coverage is underwritten by the Michigan Municipal Risk Management Authority itself.

The Commission estimates the liability for general liability claims that have been incurred through the end of the fiscal year, including claims that have been reported as well as those that have not been reported. During the year ended June 30, 2007, there were no uninsured claims paid by the Commission and no significant outstanding balances at year end.

Northville Parks and Recreation Commission

Notes to Financial Statements June 30, 2007

Note 11 - Risk Management (Continued)

The Commission also participates, through its affiliation with the City, in the Michigan Municipal League (MML) risk pool for employee injuries. The Commission, through the City, has purchased commercial insurance for all medical benefits beginning November 1, 1998. Settled claims related to commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Note 12 - Pension Plan and Other Postemployment Benefits

The City of Northville administers the pension plan and postretirement benefit plan on behalf of the Commission. The employer of record for the Commission is the City of Northville. Accordingly, employees and retirees (of which there are none at year end) of the Commission participate in the City's employee benefit programs and policies and are pooled with all other City employees for benefits administration. The City charges the Commission for its pro rata share of employee fringe benefit costs in the same manner as City departments are charged for fringe benefits. The Commission contributes a pro rata share of the amortization of unfunded actuarial liability for the defined benefit pension plan and postretirement benefit plan. A description of the pension plan and postretirement benefit plan, and related overall funding levels, may be obtained from the City of Northville's financial statements. Those statements may be obtained by contacting the City of Northville, 215 West Main Street, Northville, Michigan 48167.

The Commission reimbursed the City \$433,373 for fringe benefit expenditures during the year ended June 30, 2007.

Upcoming Reporting Change - The Governmental Accounting Standards Board has recently released Statement Number 45, *Accounting and Reporting by Employers for Postemployment Benefits Other than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" postemployment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree healthcare coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ending June 30, 2009.

Required Supplemental Information

Northville Parks and Recreation Commission

Required Supplemental Information Budgetary Comparison Schedule - Parks and Recreation General Fund Year Ended June 30, 2007

	Year Ended June 30				
	2007				2006
	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenue					
Operating contributions - City and Township	\$ 1,039,888	\$ 1,112,669	\$ 1,112,669	\$ -	\$ 954,171
Program activities	1,045,499	848,401	865,920	17,519	975,623
Federal and other grants	-	-	-	-	100
Parks and facilities development revenue	52,000	53,700	59,510	5,810	46,806
Dog park revenue	16,350	12,850	16,725	3,875	16,840
Facility rental revenue	349,945	379,953	369,607	(10,346)	364,482
Other revenues	46,440	67,200	61,780	(5,420)	57,291
Total revenue	2,550,122	2,474,773	2,486,211	11,438	2,415,313
Other Financing Sources - Operating transfers in	33,365	33,365	33,365	-	31,776
Total revenues and other financing sources	2,583,487	2,508,138	2,519,576	11,438	2,447,089
Expenditures - Current					
Program activities	985,847	815,436	828,251	(12,815)	960,932
Park maintenance and capital outlay	423,563	447,901	442,932	4,969	349,895
Facility centers	381,771	387,732	369,799	17,933	353,728
Administration	641,485	655,393	634,116	21,277	554,945
Dog park expenditures	11,525	19,175	23,799	(4,624)	13,681
Debt service	3,172	3,172	3,172	-	4,535
Total expenditures	2,447,363	2,328,809	2,302,069	26,740	2,237,716
Other Financing Uses - Operating transfers out	147,772	137,797	147,859	(10,062)	111,605
Total expenditures and other financing uses	2,595,135	2,466,606	2,449,928	16,678	2,349,321
Net Change in Fund Balance	(11,648)	41,532	69,648	28,116	97,768
Fund Balance - Beginning of year	247,487	247,487	247,487	-	149,719
Fund Balance - End of year	<u>\$ 235,839</u>	<u>\$ 289,019</u>	<u>\$ 317,135</u>	<u>\$ 28,116</u>	<u>\$ 247,487</u>

Northville Parks and Recreation Commission

Required Supplemental Information Budgetary Comparison Schedule - Senior Adult Services Fund Year Ended June 30, 2007

	Year Ended June 30				
	2007			2006	
	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenue					
Operating contributions - City and Township	\$ 170,171	\$ 170,171	\$ 170,171	\$ -	\$ 143,365
Program activities	123,500	119,442	120,273	831	111,029
Federal and other grant revenue	66,749	107,803	108,411	608	76,211
Donations	-	2,000	2,495	495	7,035
Other revenues	10,800	13,900	14,493	593	9,757
Total revenue	371,220	413,316	415,843	2,527	347,397
Expenditures - Current					
Program activities	207,880	232,741	223,926	8,815	213,871
Administration	129,975	126,589	121,192	5,397	117,827
Total expenditures	337,855	359,330	345,118	14,212	331,698
Other Financing Uses - Operating transfers out	33,365	33,365	33,365	-	31,776
Total expenditures and other financing uses	371,220	392,695	378,483	14,212	363,474
Net Change in Fund Balance	-	20,621	37,360	16,739	(16,077)
Fund Balance - Beginning of year	155,573	155,573	155,573	-	171,650
Fund Balance - End of year	<u>\$ 155,573</u>	<u>\$ 176,194</u>	<u>\$ 192,933</u>	<u>\$ 16,739</u>	<u>\$ 155,573</u>

Northville Parks and Recreation Commission

Required Supplemental Information Budgetary Comparison Schedule - Parks and Recreation Capital Projects Fund Year Ended June 30, 2007

	Year Ended June 30				
	2007			2006	
	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenue					
Construction contributions - City and Township	\$ 28,000	\$ 82,973	\$ 81,538	\$ (1,435)	\$ 12,136
Federal grant revenue	15,300	15,300	15,300	-	-
Other grant revenue	-	41,924	3,000	(38,924)	-
Other revenue	-	2,700	-	(2,700)	3
Total revenue	43,300	142,897	99,838	(43,059)	12,139
Other Financing Sources -					
Transfers in	147,772	137,797	147,859	10,062	111,605
Total revenue and other financing sources	191,072	280,694	247,697	(32,997)	123,744
Expenditures					
Park maintenance and capital outlay	82,300	171,922	138,932	32,990	71,372
Debt service	108,772	108,772	108,765	7	52,372
Total expenditures	191,072	280,694	247,697	32,997	123,744
Net Change in Fund Balance	-	-	-	-	-
Fund Balance - Beginning of year	11,688	11,688	11,688	-	11,688
Fund Balance - End of year	<u>\$ 11,688</u>	<u>\$ 11,688</u>	<u>\$ 11,688</u>	<u>\$ -</u>	<u>\$ 11,688</u>

Northville Parks and Recreation Commission

Required Supplemental Information Budgetary Comparison Schedule - Senior Adult Services Capital Projects Fund Year Ended June 30, 2007

	Year Ended June 30				
	2007				2006
	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenue					
Donations	\$ -	\$ -	\$ -	\$ -	\$ 5,578
Other	4,230	6,000	5,602	(398)	5,882
Total revenue	4,230	6,000	5,602	(398)	11,460
Expenditures - Park maintenance and capital outlay	-	425	422	3	1,775
Net Change in Fund Balance	4,230	5,575	5,180	(395)	9,685
Fund Balance - Beginning of year	117,941	117,941	117,941	-	108,256
Fund Balance - End of year	\$ 122,171	\$ 123,516	\$ 123,121	\$ (395)	\$ 117,941

Other Supplemental Information

Northville Parks and Recreation Commission

Other Supplemental Information Schedule of Program Activities Revenue - Budget and Actual Parks and Recreation General Fund Year Ended June 30, 2007

	Year Ended June 30				
	2007			2006	
	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)	Actual
Program Activities Revenue - Registration and fees					
Adult basketball	\$ 65,000	\$ 65,000	\$ 62,926	\$ (2,074)	\$ 65,609
Adult softball	13,500	15,000	16,966	1,966	13,029
Aquatics	120,000	100,000	123,830	23,830	101,101
Day camp	40,000	36,000	36,545	545	30,891
Ski club	43,000	26,400	26,390	(10)	42,808
Northville Baseball/Softball Association	115,547	47,180	66,517	19,337	136,354
Northville Soccer Association	130,702	71,821	65,177	(6,644)	98,376
Tennis	23,000	17,000	15,187	(1,813)	17,721
Fitness	44,000	40,000	36,406	(3,594)	38,489
Youth basketball	65,000	79,000	77,569	(1,431)	75,026
Basketball summer camp	18,000	18,000	20,025	2,025	23,087
Youth volleyball	27,500	23,500	24,385	885	23,226
Sand volleyball	6,700	6,400	6,230	(170)	6,357
Adult volleyball	24,500	29,500	29,413	(87)	28,298
Lacrosse	14,000	18,350	18,154	(196)	12,990
Safety town	17,000	19,000	15,038	(3,962)	17,120
Cultural arts	20,000	13,000	11,340	(1,660)	22,214
NYCAC	50	1,250	1,866	616	1,118
Other activities	256,000	220,000	210,456	(9,544)	221,809
Community events	2,000	2,000	1,500	(500)	-
Total program activities revenue	<u>\$ 1,045,499</u>	<u>\$ 848,401</u>	<u>\$ 865,920</u>	<u>\$ 17,519</u>	<u>\$ 975,623</u>

Northville Parks and Recreation Commission

Other Supplemental Information Schedule of Program Activities and Park Expenditures - Budget and Actual Parks and Recreation General Fund Year Ended June 30, 2007

	Year Ended June 30				
	2007			2006	
	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)	Actual
Program Activities Expenditures					
Adult basketball	\$ 57,840	\$ 58,440	\$ 60,659	\$ (2,219)	\$ 65,305
Adult softball	12,885	9,590	9,719	(129)	11,603
Aquatics	116,105	99,710	103,528	(3,818)	127,617
Day camp	38,188	30,400	30,643	(243)	35,276
Ski club	36,945	25,475	25,459	16	38,354
Northville Baseball/Softball Association	115,547	47,180	66,518	(19,338)	136,354
Northville Soccer Association	130,702	71,821	65,176	6,645	98,378
Tennis	21,500	14,050	10,205	3,845	15,661
Fitness	40,586	51,250	52,904	(1,654)	36,282
Youth basketball	60,375	75,225	77,483	(2,258)	69,931
Basketball summer camp	16,050	17,050	14,105	2,945	16,254
Youth volleyball	25,530	22,750	17,737	5,013	22,765
Sand volleyball	3,810	3,610	3,547	63	3,744
Adult volleyball	24,390	24,650	24,537	113	24,155
Lacrosse	13,210	14,935	20,338	(5,403)	11,698
Safety town	16,990	15,890	14,447	1,443	13,072
Cultural arts	18,200	17,370	17,427	(57)	13,852
NYCAC	-	2,190	1,903	287	1,412
Other activities	236,994	213,850	211,916	1,934	219,219
Total program activities expenditures	\$ 985,847	\$ 815,436	\$ 828,251	\$ (12,815)	\$ 960,932
Park Development and Capital Outlay -					
Fields and park maintenance	\$ 423,563	\$ 447,901	\$ 442,932	\$ 4,969	\$ 349,895

Northville Parks and Recreation Commission

Other Supplemental Information Schedule of Program Activities Revenue and Expenditures Parks and Recreation Fund

Year Ended June 30						
2007			2006			
		Revenue Over (Under)			Revenue Over (Under)	
Revenue	Expenditures	Expenditures	Revenue	Expenditures	Expenditures	
Registration and Fees						
Adult basketball	\$ 62,926	\$ 60,659	\$ 2,267	\$ 65,609	\$ 65,305	\$ 304
Adult softball	16,966	9,719	7,247	13,029	11,603	1,426
Aquatics	123,830	103,528	20,302	101,101	127,617	(26,516)
Day camp	36,545	30,643	5,902	30,891	35,276	(4,385)
Ski club	26,390	25,459	931	42,808	38,354	4,454
Tennis	15,187	10,205	4,982	17,721	15,661	2,060
Fitness	36,406	52,904	(16,498)	38,489	36,282	2,207
Youth basketball	77,569	77,483	86	75,026	69,931	5,095
Basketball summer camp	20,025	14,105	5,920	23,087	16,254	6,833
Youth volleyball	24,385	17,737	6,648	23,226	22,765	461
Sand volleyball	6,230	3,547	2,683	6,357	3,744	2,613
Adult volleyball	29,413	24,537	4,876	28,298	24,155	4,143
Lacrosse	18,154	20,338	(2,184)	12,990	11,698	1,292
Safety town	15,038	14,447	591	17,120	13,072	4,048
Cultural arts	11,340	17,427	(6,087)	22,214	13,852	8,362
NYCAC	1,866	1,903	(37)	1,118	1,412	(294)
Other activities	210,456	211,916	(1,460)	221,809	219,219	2,590
Community events	1,500	-	1,500	-	-	-
Subtotal	734,226	696,557	37,669	740,893	726,200	14,693
Northville Baseball/ Softball Association	66,517	66,517	-	136,354	136,354	-
Northville Soccer Association	65,177	65,177	-	98,376	98,378	(2)
Subtotal	131,694	131,694	-	234,730	234,732	(2)
Total program activities	<u>\$ 865,920</u>	<u>\$ 828,251</u>	<u>\$ 37,669</u>	<u>\$ 975,623</u>	<u>\$ 960,932</u>	<u>\$ 14,691</u>



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September 6, 2007

To the Board of Commissioners
Northville Parks and Recreation
Commission
215 West Main Street
Northville, MI 48167

Dear Commissioners:

We recently completed the audit of the financial statements of Northville Parks and Recreation Commission for the year ended June 30, 2007. In addition to the audit report, we offer the following comments for your consideration:

New Auditing Standards

Over the last five years there have been many new auditing standards issued which impact how auditors plan, perform, and document their audits. There are now eight additional new auditing standards, which will be in effect for your next fiscal year audit (June 30, 2008). These new auditing standards are the most significant changes for auditors related to how audits are performed that have been issued in years. These new standards, which affect all audits, performed by all firms, on all organizations in the United States, will require that we have a deeper understanding and make an assessment of your internal control procedures. They will require increased audit testing, increased communication with the Commission, and increased information provided to us by your staff. We will be working with your staff in the upcoming months to begin preparing for the impact of these new standards. We are also available to discuss these changes in greater detail with you if you would like.

Operational Considerations

Over the past two years, parks and recreation program revenues have been adequate to cover program expenditures - this is the ideal scenario. However, as you are aware, over 60 percent of the costs incurred by the Parks and Recreation General Fund are related to park maintenance and improvement, facilities, and administration. These costs do not generally have revenue associated with them. While the Commission relies on contributions from the City and Township to pay for these costs, we believe it is prudent to maintain an appropriate level of fund balance to allow for any unexpected costs, any temporary declines in program registrations, or other surprises. During the year, the Commission increased the level of fund balance in both the Parks and Recreation General Fund and the Senior Adult Services Fund to a level of \$317,135 and \$192,933, respectively.

While we continue to advocate long-term planning for both operational and capital needs, we commend the Commission for such successes as the elimination of the deficit in the aquatics program, the receipt of more than \$100,000 of grant monies in the Senior Adult Services Fund, and additional park improvements made.

GASB 45

As a reminder, the Governmental Accounting Standards Board (GASB) has issued Statement Number 45, which addresses the accounting and disclosures required for postemployment benefits other than pensions. The intent of these new rules is to recognize the cost of providing retiree healthcare coverage over the working life of the employee, rather than at the time the healthcare premiums are paid. These new rules will require an actuarial valuation to determine the required contribution to be made, and to the extent that required contribution is not made, will result in a liability on the government-wide financial statements. Management will be implementing GASB 45 for the fiscal year ended June 30, 2009.

State of Michigan

The State continues to face many challenges with no easy solutions. The State Legislature has enacted a new Michigan Business Tax that will go into effect January 1, 2008 with the revenue impact to the State being argued. The State Legislature continues to grapple with a deficit budget for the next fiscal year, and possible government shut-downs if no resolution is found soon. The Michigan housing market continues to be challenged and many Michigan businesses continue to feel the effect of the struggling auto industry. All of these challenges, and many more, appear to be shaping the economic landscape that will affect the state and local communities for some time to come. Please continue to discuss the proper balance of revenue sources. Generally, revenue received by parks and recreation commissions are from user fees, taxpayers, or grants.

To the Board of Commissioners
Northville Parks and Recreation
Commission

3

September 6, 2007

Thank you again for the opportunity to serve as your auditors. We would like to thank Traci Sincock and her staff for their efforts in preparing for this audit. As part of our on-going relationship with your organization, we want to make ourselves available to answer your questions or discuss your concerns. Please don't hesitate to contact us if we can assist in any way.

Yours truly,

Plante & Moran, PLLC

A handwritten signature in black ink, appearing to read "Beth Bialy".

Beth A. Bialy

A handwritten signature in black ink, appearing to read "Christopher Jones".

Christopher S. Jones